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UNCLAS WELLINGTON 000833

SIPDIS

STATE FOR PM/DTCC-PDADE AND EAP/ANP-DRICCI

E.O. 12958: N/A

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SUBJECT: BLUE LANTERN CASE AG-1003-97: CHECK ON BOEING A-4  
SERVICE AGREEMENT WITH NEW ZEALAND FIRM SAFE AIR LIMITED

REF: STATE 191598

1. Safe Air Limited of Marlborough, New Zealand, reported October 26 that it has no record of being informed by Boeing/McDonnell-Douglas that it should cease servicing Indonesian Air Force A-4s in 1999. However, the company says it was well aware of the arms embargo against Indonesia and complied with it.

2. Safe Air Limited said it last serviced A-4 jet fighters for Indonesia in 1999. Under the Manufacturing License Agreement No. AG-1003-97 from McDonnell-Douglas Corporation (now Boeing), Safe Air overhauled two A-4s that the Indonesian military purchased in 1996 from the U.S. government. After refurbishing the A-4s, Safe Air shipped them to Indonesia, where they were delivered to the Indonesian Air Force in October 1999. The cost of the overhaul was US \$8 million. Safe Air Limited said it has not worked on those aircraft since then or on any others for the Indonesian Air Force.  
Burnett